

April 6, 2018

VIA EMAIL

Mr. David Carroll
492 River Hills Drive
Max Meadows, VA 24360

Re: City of North Port Firefighters' Pension - Local Option Trust Fund
Section 112.664, Florida Statutes Compliance

Dear David:

Please find enclosed the annual disclosures that satisfy the October 1, 2017 financial reporting requirements made under Section 112.664.

Our office will submit this information electronically to the Department of Management Services. However, it is important for you to be aware that this report must also be made available on the Plan or Plan Sponsor's website, if such website exists. A deadline for this website publication is not made clear in the law.

In addition to the enclosed report, the Plan or Plan Sponsor's website must provide a link to the Division of Retirement's Actuarial Summary Fact Sheet for the Plan, and also report the previous five years' assumed and actual rates of return, along with their respective asset allocations. The Board should contact its Investment Consultant for this information.

If there are any questions, concerns, or comments about any of the items contained in this report, please feel free to contact me.

Respectfully submitted,

Foster & Foster, Inc.

By: 

Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916

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Enclosures

cc via email: Paul Donnelly, Board Attorney

CITY OF NORTH PORT
FIREFIGHTERS' PENSION - LOCAL OPTION TRUST FUND

SECTION 112.664, FLORIDA STATUTES
COMPLIANCE

With respect to the reporting standards for defined benefit retirement plans or systems contained in Section 112.664(1), F.S., the actuarial disclosures required under this section were prepared and completed by me or under my direct supervision and I acknowledge responsibility for the results. To the best of my knowledge, the results are complete and accurate, and in my opinion, meet the requirements of Section 112.664(1), Florida Statutes, and Rule 60T-1.0035, Florida Administrative Code.

By: Christine M. O'Neal Date: 4/6/2018

Christine M. O'Neal, FSA, EA, MAAA
Enrolled Actuary #17-7916



When reviewing the following schedules, please note the following:

- 1) The purpose of producing this report is solely to satisfy the requirements set forth by Section 112.664, Florida Statutes, and is mandatory for every Florida public pension fund, excluding the Florida Retirement System (FRS).
- 2) None of the schedules shown have any impact on the funding requirements of the Plan. These schedules are for statutory compliance purposes only.
- 3) In the schedules that follow, the columns labeled “ACTUAL” represent the final recorded GASB 67/68 results. The columns labeled “HYPOTHETICAL” illustrate what the results would have been if different assumptions were used.
- 4) It is our opinion that the Plan’s actual assumptions utilized in the October 1, 2017 Actuarial Valuation Report, as adopted by the Board of Trustees, are reasonable individually and in the aggregate, and represent our best estimate of future Plan experience.
- 5) The “Number of Years Expected Benefit Payments Sustained” calculated in Section II: Asset Sustainability should not be interpreted as the number of years the Plan has left until it is insolvent. This calculation is required by 112.664, Florida Statutes, but the numeric result is irrelevant, since in its calculation we are to assume there will be no further contributions to the Fund. As long as the Actuarially Determined Contribution is made each year the Plan will never become insolvent.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
FISCAL YEAR SEPTEMBER 30, 2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50% RP-2000 Generational	5.50% RP-2000 Generational
<u>Total Pension Liability</u>		
Service Cost	1,264,321	1,982,272
Interest	3,620,964	3,557,750
Share Plan Allocation	126,129	126,129
Changes of Benefit Terms	-	-
Differences Between Expected and Actual Experience	(2,641,499)	(3,348,854)
Changes of Assumptions	(831,381)	(721,289)
Benefit Payments, Including Refunds of Employee Contributions	(1,200,337)	(1,200,337)
Net Change in Total Pension Liability	338,197	395,671
Total Pension Liability - Beginning	44,597,899	57,913,724
Total Pension Liability - Ending (a)	<u>\$ 44,936,096</u>	<u>\$ 58,309,395</u>
<u>Plan Fiduciary Net Position</u>		
Contributions - Employer	651,310	651,310
Contributions - State	376,129	376,129
Contributions - Employee	394,793	394,793
Net Investment Income	4,545,143	4,545,143
Benefit Payments, Including Refunds of Employee Contributions	(1,200,337)	(1,200,337)
Administrative Expenses	(86,264)	(86,264)
Net Change in Plan Fiduciary Net Position	4,680,774	4,680,774
Plan Fiduciary Net Position - Beginning	42,365,547	42,365,547
Plan Fiduciary Net Position - Ending (b)	<u>\$ 47,046,321</u>	<u>\$ 47,046,321</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ (2,110,225)</u>	<u>\$ 11,263,074</u>

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	47,046,321	-	4,870,221	-	3,345,841	45,521,941
2018	45,521,941	-	1,775,708	-	3,347,557	47,093,790
2019	47,093,790	-	1,921,393	-	3,459,982	48,632,379
2020	48,632,379	-	2,007,246	-	3,572,157	50,197,290
2021	50,197,290	-	2,308,582	-	3,678,225	51,566,933
2022	51,566,933	-	2,433,973	-	3,776,246	52,909,206
2023	52,909,206	-	2,591,510	-	3,871,009	54,188,705
2024	54,188,705	-	2,720,779	-	3,962,124	55,430,050
2025	55,430,050	-	2,865,119	-	4,049,812	56,614,743
2026	56,614,743	-	2,978,352	-	4,134,418	57,770,809
2027	57,770,809	-	3,042,181	-	4,218,729	58,947,357
2028	58,947,357	-	3,147,954	-	4,303,004	60,102,407
2029	60,102,407	-	3,271,351	-	4,385,005	61,216,061
2030	61,216,061	-	3,389,025	-	4,464,116	62,291,152
2031	62,291,152	-	3,457,867	-	4,542,166	63,375,451
2032	63,375,451	-	3,552,810	-	4,619,928	64,442,569
2033	64,442,569	-	3,600,098	-	4,698,189	65,540,660
2034	65,540,660	-	3,722,578	-	4,775,953	66,594,035
2035	66,594,035	-	3,738,773	-	4,854,349	67,709,611
2036	67,709,611	-	3,756,024	-	4,937,370	68,890,957
2037	68,890,957	-	3,761,300	-	5,025,773	70,155,430
2038	70,155,430	-	3,741,144	-	5,121,364	71,535,650
2039	71,535,650	-	3,704,702	-	5,226,247	73,057,195
2040	73,057,195	-	3,661,621	-	5,341,979	74,737,553
2041	74,737,553	-	3,616,960	-	5,469,680	76,590,273
2042	76,590,273	-	3,566,412	-	5,610,530	78,634,391
2043	78,634,391	-	3,510,760	-	5,765,926	80,889,557
2044	80,889,557	-	3,442,492	-	5,937,623	83,384,688
2045	83,384,688	-	3,373,106	-	6,127,360	86,138,942
2046	86,138,942	-	3,295,263	-	6,336,848	89,180,527
2047	89,180,527	-	3,208,748	-	6,568,211	92,539,990
2048	92,539,990	-	3,117,504	-	6,823,593	96,246,079
2049	96,246,079	-	3,018,143	-	7,105,276	100,333,212
2050	100,333,212	-	2,913,895	-	7,415,720	104,835,037
2051	104,835,037	-	2,804,540	-	7,757,458	109,787,955
2052	109,787,955	-	2,690,389	-	8,133,207	115,230,773
2053	115,230,773	-	2,573,388	-	8,545,806	121,203,191
2054	121,203,191	-	2,454,292	-	8,998,203	127,747,102
2055	127,747,102	-	2,333,583	-	9,493,523	134,907,042
2056	134,907,042	-	2,212,007	-	10,035,078	142,730,113
2057	142,730,113	-	2,089,874	-	10,626,388	151,266,627
2058	151,266,627	-	1,967,281	-	11,271,224	160,570,570
2059	160,570,570	-	1,844,534	-	11,973,623	170,699,659
2060	170,699,659	-	1,722,190	-	12,737,892	181,715,361
2061	181,715,361	-	1,601,177	-	13,568,608	193,682,792
2062	193,682,792	-	1,482,200	-	14,470,627	206,671,219
2063	206,671,219	-	1,365,715	-	15,449,127	220,754,631
2064	220,754,631	-	1,252,236	-	16,509,638	236,012,033
2065	236,012,033	-	1,142,533	-	17,658,057	252,527,557
2066	252,527,557	-	1,037,082	-	18,900,676	270,391,151

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 1
Plan Assumptions: 7.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2067	270,391,151	-	936,445	-	20,244,220	289,698,926
2068	289,698,926	-	841,295	-	21,695,871	310,553,502
2069	310,553,502	-	751,896	-	23,263,317	333,064,923
2070	333,064,923	-	668,156	-	24,954,813	357,351,580
2071	357,351,580	-	590,195	-	26,779,236	383,540,621
2072	383,540,621	-	518,176	-	28,746,115	411,768,560
2073	411,768,560	-	452,073	-	30,865,689	442,182,176
2074	442,182,176	-	391,344	-	33,148,988	474,939,820
2075	474,939,820	-	335,688	-	35,607,898	510,212,030
2076	510,212,030	-	284,985	-	38,255,215	548,182,260
2077	548,182,260	-	239,026	-	41,104,706	589,047,940
2078	589,047,940	-	197,619	-	44,171,185	633,021,506
2079	633,021,506	-	160,877	-	47,470,580	680,331,209
2080	680,331,209	-	128,823	-	51,020,010	731,222,396
2081	731,222,396	-	101,330	-	54,837,880	785,958,946
2082	785,958,946	-	78,266	-	58,943,986	844,824,666
2083	844,824,666	-	59,288	-	63,359,627	908,125,005
2084	908,125,005	-	43,901	-	68,107,729	976,188,833
2085	976,188,833	-	31,833	-	73,212,969	1,049,369,969
2086	1,049,369,969	-	22,520	-	78,701,903	1,128,049,352
2087	1,128,049,352	-	15,535	-	84,603,119	1,212,636,936
2088	1,212,636,936	-	10,431	-	90,947,379	1,303,573,884
2089	1,303,573,884	-	6,845	-	97,767,785	1,401,334,824
2090	1,401,334,824	-	4,381	-	105,099,948	1,506,430,391
2091	1,506,430,391	-	2,748	-	112,982,176	1,619,409,819
2092	1,619,409,819	-	1,693	-	121,455,673	1,740,863,799
2093	1,740,863,799	-	1,027	-	130,564,746	1,871,427,518
2094	1,871,427,518	-	619	-	140,357,041	2,011,783,940
2095	2,011,783,940	-	369	-	150,883,782	2,162,667,353
2096	2,162,667,353	-	220	-	162,200,043	2,324,867,176
2097	2,324,867,176	-	132	-	174,365,033	2,499,232,077
2098	2,499,232,077	-	78	-	187,442,403	2,686,674,402
2099	2,686,674,402	-	46	-	201,500,578	2,888,174,934
2100	2,888,174,934	-	27	-	216,613,119	3,104,788,026
2101	3,104,788,026	-	15	-	232,859,101	3,337,647,112
2102	3,337,647,112	-	7	-	250,323,533	3,587,970,638
2103	3,587,970,638	-	4	-	269,097,798	3,857,068,432
2104	3,857,068,432	-	2	-	289,280,132	4,146,348,562
2105	4,146,348,562	-	1	-	310,976,142	4,457,324,703
2106	4,457,324,703	-	-	-	334,299,353	4,791,624,056

*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 999.99

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 7.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

PROJECTION OF THE NUMBER OF YEARS ASSETS WILL SUSTAIN BENEFIT PAYMENTS

Table 2
Hypothetical Assumptions: 5.50% and RP-2000 Generational Mortality

Fiscal Year Beginning 10/1	Projected Beginning Fiduciary Net Position	Projected Total Contributions	Projected Benefit Payments*	Projected Administrative Expense	Projected Investment Earnings	Projected Ending Fiduciary Net Position
2017	47,046,321	-	4,870,221	-	2,453,617	44,629,717
2018	44,629,717	-	1,775,708	-	2,405,802	45,259,811
2019	45,259,811	-	1,921,393	-	2,436,451	45,774,869
2020	45,774,869	-	2,007,246	-	2,462,419	46,230,042
2021	46,230,042	-	2,308,582	-	2,479,166	46,400,626
2022	46,400,626	-	2,433,973	-	2,485,100	46,451,753
2023	46,451,753	-	2,591,510	-	2,483,580	46,343,823
2024	46,343,823	-	2,720,779	-	2,474,089	46,097,133
2025	46,097,133	-	2,865,119	-	2,456,552	45,688,566
2026	45,688,566	-	2,978,352	-	2,430,966	45,141,180
2027	45,141,180	-	3,042,181	-	2,399,105	44,498,104
2028	44,498,104	-	3,147,954	-	2,360,827	43,710,977
2029	43,710,977	-	3,271,351	-	2,314,142	42,753,768
2030	42,753,768	-	3,389,025	-	2,258,259	41,623,002
2031	41,623,002	-	3,457,867	-	2,194,174	40,359,309
2032	40,359,309	-	3,552,810	-	2,122,060	38,928,559
2033	38,928,559	-	3,600,098	-	2,042,068	37,370,529
2034	37,370,529	-	3,722,578	-	1,953,008	35,600,959
2035	35,600,959	-	3,738,773	-	1,855,236	33,717,422
2036	33,717,422	-	3,756,024	-	1,751,168	31,712,566
2037	31,712,566	-	3,761,300	-	1,640,755	29,592,021
2038	29,592,021	-	3,741,144	-	1,524,680	27,375,557
2039	27,375,557	-	3,704,702	-	1,403,776	25,074,631
2040	25,074,631	-	3,661,621	-	1,278,410	22,691,420
2041	22,691,420	-	3,616,960	-	1,148,562	20,223,022
2042	20,223,022	-	3,566,412	-	1,014,190	17,670,800
2043	17,670,800	-	3,510,760	-	875,348	15,035,388
2044	15,035,388	-	3,442,492	-	732,278	12,325,174
2045	12,325,174	-	3,373,106	-	585,124	9,537,192
2046	9,537,192	-	3,295,263	-	433,926	6,675,855
2047	6,675,855	-	3,208,748	-	278,931	3,746,038
2048	3,746,038	-	3,117,504	-	120,301	748,835
2049	748,835	-	3,018,143	-	-	-

*All DROP and Share Balances paid in 2017.

Number of Years Expected Benefit Payments Sustained: 32.25

This projection assumes no further contributions, assumes no further benefit accruals, and assumes Market Value of Assets earn 5.50% interest.

It is important to note that as long as the Actuarially Determined Contribution is made each year, the Plan will never become insolvent. Furthermore, State and local laws mandate that the Actuarially Determined Contribution be made each year.

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	<u>ACTUAL</u>	<u>HYPOTHETICAL</u>
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
Total Required Contribution (Fixed \$)	\$986,854	\$2,493,470
Total Required Contribution (% of Payroll)	26.13%	66.04%
Expected Member Contribution	400,281	400,281
Expected State Money	250,000	250,000
Expected Sponsor Contribution (Fixed \$)	\$336,573	\$1,843,189
Expected Sponsor Contribution (% of Payroll)	18.00%	48.82%
<hr/>		
<u>ASSETS</u>		
Actuarial Value ¹	46,276,059	46,276,059
Market Value ¹	47,046,321	47,046,321
 <u>LIABILITIES</u>		
Present Value of Benefits		
Active Members		
Retirement Benefits	18,408,021	27,649,361
Disability Benefits	193,226	264,175
Death Benefits	151,265	190,790
Vested Benefits	5,091,780	8,072,451
Refund of Contributions	45,937	46,547
Service Retirees	10,714,631	13,294,599
DROP Retirees ¹	7,726,781	9,424,957
Beneficiaries	1,973,433	2,463,947
Disability Retirees	882,425	1,068,044
Terminated Vested	5,254,804	7,103,015
Share Plan Balances ¹	1,828,357	1,828,357
Total:	<u>52,270,660</u>	<u>71,406,243</u>
Present Value of Future Salaries	28,408,589	31,377,791
Present Value of Future Member Contributions	3,011,310	3,326,046
Total Normal Cost	855,328	1,411,507
Present Value of Future Normal Costs (Entry Age Normal)	5,872,816	10,886,289
Total Actuarial Accrued Liability ¹	46,397,844	60,519,954
Unfunded Actuarial Accrued Liability (UAAL)	121,785	14,243,895

ACTUAL AND HYPOTHETICAL CONTRIBUTIONS APPLICABLE TO THE FISCAL YEAR
ENDING SEPTEMBER 30, 2019

Valuation Date: 10/1/2017

	ACTUAL	HYPOTHETICAL
	7.50%	5.50%
	RP-2000	RP-2000
	Generational	Generational
<u>PENSION COST</u>		
Normal Cost (with interest)	887,403	1,450,323
Administrative Expenses (with interest)	89,499	88,636
Payment Required To Amortize UAAL (with interest)	9,952	954,511
Total Required Contribution	\$986,854	\$2,493,470

¹ The asset values and liabilities include accumulated DROP and Share Plan Balances as of 9/30/2017.